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Statement of the staff of UNIDO

Submitted by the President of the ninth Staff Council
through the Director-General

Summary

Provides the views of staff on certain issues being taken up by the Board under the agenda items related to the UNIDO policy framework, the report of the External Auditor, the financial situation of UNIDO, the medium-term plan 1996-2001, joint United Nations/UNIDO conference services, the headquarters agreement between UNIDO and the Republic of Austria, the International Civil Service Commission, the United Nations Joint Staff Pension Fund and the home leave entitlements of staff serving in the UNIDO Secretariat.

Introduction

1. Staff is fully conscious of the difficulties that have beset UNIDO over the past few years. It thus wishes to reaffirm its commitment to contributing to the relevance, cost-effectiveness, efficiency and sustainability of the Organization as it goes about its tasks of promoting the industrialization of the developing countries. Human relationships are an important factor in an endeavour of that scale. Against that back-drop, it is essential that a meaningful dialogue be maintained between staff and their employing/controlling bodies on issues that relate but are not restricted to the security of tenure, career prospects and conditions of service.

2. The present paper is structured along the lines of the provisional agenda of the thirteenth session of the Board. It is being presented pursuant to General Conference resolution GC.4/Res.29, which invites the Chairperson of the Staff Council through the Director-General to provide for consideration to Member States if necessary the views of staff on certain matters during the regular sessions of the Board. It is also being presented with the express intention of contributing to an open dialogue and organizational stability that are fundamental to the success of UNIDO.

Agenda item 3
UNIDO policy framework - organizational and staff structure

3. In resolution GC.5/Res.18, the General Conference approved the Director-General's proposals for the future policy framework of UNIDO and its organizational and staff structure. It also sought the support and cooperation of Member States and all relevant United Nations bodies, intergovernmental organizations and financial institutions.

4. The response of Member States is reflected in many different ways - among them the payment of assessed contributions and advances to the Working Capital Fund (see para. 25 below). The response of other United Nations bodies, intergovernmental organizations and financial institutions is reflected primarily in the working relationship that UNIDO establishes with them. Although at the end of June 1994, the level of net project approvals showed a modest improvement over the first six months of 1993, clearly more needs to be done to secure the stabilization of the income structure of the operational budget and the future of the Organization. Staff thus hopes that current efforts to define a marketing strategy for UNIDO and mobilize resources from both new and traditional sources bear fruit.

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5. In resolution GC.5/Res.18, reference is made to the principle of equitable geographical distribution in the Secretariat, and in particular in the implementation of the new organizational and staff structure. Staff have thus noted among the recent senior appointments and in the latest round of promotions, an increase in both the number of new staff members from developing countries and the number of women. Since the beginning of 1994 four new staff members from developing countries (out of a total of nine) have been appointed to fill managerial or supervisory posts, while 12 women currently occupy posts at the P-5 level and above: a new "high" for the Organization. Furthermore, the recent promotions have also helped to reduce the disparity in age between men and women at the P-5 level.

6. Although the total number of women in the Professional category in UNIDO subject to geographical distribution currently stands at 75 or 23.4 per cent, thus bringing the total complement of women in that category to the strength of the previous year, UNIDO still falls short of past and future targets set for the representation of women in the Professional category: 25 per cent for 1993 and 30 per cent for 1995. Staff recognizes that targets constitute useful tools for measuring progress in improving the representation of women and urges that they be met. This is borne out by the statement in the Joint Inspection Unit (JIU) report on the advancement of the status of women in the United Nations Secretariat in an era of "human resources management" and "accountability" (JIU/REP/94/3) that action programmes for women's advancement had proven ineffective, not only because many quantitative targets had not been met, but because the underlying organizational climate and personnel processes of the Secretariat had scarcely changed.

7. Equitable geographical representation and proper gender balance coupled with the highest standards of efficiency, competence and integrity are basic principles governing the composition of the Secretariat. Staff thus supports moves to redress the imbalance on both fronts. It would also encourage Member States to support actively the distribution of UNIDO vacancy announcements in their respective countries so that high-quality candidates, men and women, are motivated to apply - and not only for positions as senior managers or supervisory staff.

8. Indeed, the question inevitably rises about the need to fill almost all vacancies at the policy-making level through external recruitment. It should also be possible to meld the career aspirations of serving staff and the management requirements of the Organization. Drawing on the skills and talents within the Organization would undoubtedly boost staff morale and increase motivation.

9. In resolution GC.5/Res.20 containing the Yaoundé Declaration, the principles of balance and efficiency were underscored as major components in the moves to bring about major changes in the management and structure of UNIDO. The same resolution also emphasized the need for a reformed UNIDO to enhance the impact of its activities, ensure greater economy of its programmes and performance and respond more effectively to specific demands of Member States.

10. Staff is fully conscious of the fact that an effective and dynamic response to its client country needs can only be assured through simpler procedures, improved efficiency and enhanced cost-effectiveness. These in turn derive from greater transparency, fuller accountability and closer teamwork. All these are concepts that demand a change in the organizational culture - and they are concepts to which staff fully subscribe.

11. It is essential that agreed and consistent priorities be clearly set by management and activities linked to those priorities, with a genuine commitment to their implementation. This, in turn, demands that the identification of priorities be matched by the allocation of requisite resources, both human and financial. Staff thus supports the move towards a concentration of activities and resources in specific areas that offer greatest benefit to the developing countries in terms of relevant and sustainable programmes and projects. Such a realignment of activities, which could be achieved on the basis of redeploying and retraining current staff, takes on particular significance at a time when the resources available to the Organization are not predictable.

12. Cost consciousness and innovative use of resources would be heightened if the procedures governing the utilization of resources saved were more flexible. The propensity to save would increase if the savings achieved in one area could be used by the saver in another. Furthermore, staff feels that UNIDO should enjoy greater flexibility in respect of the retention of unutilized funds, particularly when the non-utilization of funds is due to reasons beyond the Organization's control: a good example being those instances when assessed contributions are received after the end of the biennium. Delegation of authority over resources to managers responsible for specific activities rather than centralized management of resources could well pave the way to better cost control, higher quality and speedier delivery.

13. Staff thus supports the move to introduce greater flexibility in the reallocation of financial resources and to bring about greater delegation of responsibility and heightened accountability. An appropriate balance must ultimately be struck between the need for central control and monitoring and the requirement that managers, if they are to be accountable for the implementation of activities, have control over the appropriate resources.

Agenda item 5
Report of the Programme and Budget Committee

(a) Report of the External Auditor

14. Central control and monitoring of resources are basic concerns of the report of the External Auditor on the accounts of UNIDO for the period 1992-1993. The report rightly summarizes many of the financial difficulties that the Organization had to face in that period. These ranged from cumulative unpaid assessed contributions of almost $40 million at the end of the 1992-1993 biennium to an operational budget shortfall of close on $8 million for the same period, while the share of UNDP resources within the overall project expenditure dropped from 74 per cent in 1980 to 45 per cent in 1993, without a matching increase from other sources.

15. The External Auditor also touched on personnel matters and included many valuable suggestions. These included recognition of the need to avoid all misunderstandings and warrant

equal treatment of all staff members in a staff reduction exercise, as well as of the need to strengthen certain units that had been depleted during the reduction exercise. Reforms invariably take time and are part of a continuous process. Staff thus supports any efforts to make such adjustments in the interests of efficiency and functional logic, a key input being the findings of the workload review recommended by the External Auditor (see also para. 19 below).

16. The External Auditor reserved some of his most critical comments for the performance appraisal scheme where the shortcomings lay not so much in the scheme itself as in the application thereof. His reservations about the validity of the current scheme are undoubtedly shared by staff and managers alike. These misgivings are also shared by the JIU Inspector who, in his report on a new system of performance appraisal in the United Nations Secretariat (JIU/REP/94/5), described the present system as dysfunctional. The introduction of sound and transparent performance appraisal and performance management were seen to be central elements in establishing a more effective United Nations and bolstering the organization's credibility. The JIU Inspector saw the importance of making the new performance appraisal a key component in establishing the new system of accountability and responsibility, in changing the basic nature of staff-supervisor relationships, in changing the organizational climate throughout the United Nations Secretariat and in paving the way to a much more dynamic and responsive organizational culture. Staff would welcome a scheme that could be seen to serve three basic purposes: assess performance effectively, evaluate behaviour equitably and indicate development potential fairly. In the absence of an effective appraisal scheme, personnel decisions, be they related to promotion, training, contract extensions or terminations, are taken on the basis of inadequate information.

17. Staff has actively participated in a working group that has sought to overcome the failings of the current scheme. These can be seen as the failure of supervisors to provide comments on their ratings, a disinclination to set assignments at the outset of the reporting period and a lack of discussion with staff. As a management tool, the current scheme lacks credibility. The new scheme being mooted seeks to obviate these and other shortcomings, while providing for the identification of development potential and better rapport between supervisors and staff. A prototype will be circulated for comments and tested over the next few months to ensure acceptability ab initio.

18. The introduction of any performance appraisal scheme must be matched by appropriate training and induction courses. Above all else, however, management must be fully committed to the new scheme, which staff must see as contributing to effective career development. Staff is more than willing to participate in such training so as to ensure the success of the new scheme. It should also be stressed that improvement of the performance appraisal scheme is but the first stage in a broader process of reform that must extend to other items related to career development and personal advancement, such as promotion procedures and classification schemes.

19. The External Auditor also recommended the conduct of a thorough and organization-wide workload and staffing review. For staff, this would be an integral component of any prioritization exercise and its findings essential to identifying the critical mass required for priority activities. Once the Organization has determined its full range of priorities, the external advice being sought by the Organization could assist in the process of resource concentration and matching skill requirements with staff capabilities. In this latter context, staff attaches particular importance to the organization of both general and specialized training programmes to enable staff members to assume new duties and carry out their functions efficiently and effectively. Staff thus welcomes the increased allocation of resources to training activities in the Organization. At present, the amount devoted to staff training in UNIDO is 1.24 per cent of the total payroll (ACC/1994/PER/P.12). This compares unfavourably with the resources invested in training by the average industrial enterprise, which are in the order of 2 to 4 per cent. Ultimately, staff would wish to see an overall target of 2 per cent of the total salary costs of the Organization set aside for training purposes: a target adopted by the Council of the Federation of International Civil Servants' Association (FICSA) at its forty-seventh session. As the Consultative Committee on Administrative Questions (Personnel and General Administrative Questions) pointed out in the report on its eighty-first session, training and staff development are "central to the human resources function and to the Organization's successful implementation of change." (ACC/1994/14, para. 173).

20. Closely related to the workload and staffing review is the External Auditor's recommendation relating to the establishment of a staff inspection unit independent of line management which he saw as offering staff an opportunity to express opinions unconstrainedly and speak freely and easily. The External Auditor saw it as a means of restoring an atmosphere of confidence as well as of providing independent advice to top management on the crucial issue of human resource planning and management. Staff appreciates the importance that the Auditor attaches to staff motivation and freedom of expression. It is noted that consultants will be hired to assess, inter alia, the viability of an independent staff inspection unit, and staff stands ready to contribute actively to the consultants' review.

21. Staff has its reservations about the External Auditor's suggestion that the Organization adopt a flexible personnel policy involving recruitment on a fixed-term basis for a maximum of eight years. The proposal seems to be patterned on the practice of rotation in the International Atomic Energy Agency (IAEA) whose staff mainly come from national nuclear energy or research institutions to which they can, in many instances, return. In addition to being to the disadvantage of staff harbouring expectations of a career with the Organization, implementation of such a policy disrupts continuity and destroys institutional memory. It is also hardly applicable to an organization such as UNIDO, which has to offer more secure career prospects in order to be able to attract qualified staff from a highly competitive commercial environment.

22. As the Director-General pointed out in his comments on the report of the External Auditor (IDB.13/8), the proposal is at variance with General Assembly resolution 37/126 that states that staff members on fixed-term appointments upon completion of five years of continuing good

service shall be given every reasonable consideration for a career appointment. Furthermore, in the opinion of staff it is essential that the Organization be afforded an assurance of continuity: this can only be achieved by offering staff the opportunity to demonstrate their commitment over a longer period, if not a whole career, in common with most foreign/civil services throughout the world.

23. It is interesting to note that the freeze on the conversion of fixed-term appointments to career appointment that had been in place since March 1992 was lifted at United Nations Headquarters in June 1994 and a working group is reviewing the process to see whether it still meets the needs of the Organization for a proper balance between continuity and flexibility. Career appointments offer the chance to mould staff in the corporate image of the Organization and secure an identity of purpose that cannot be achieved with short-term tenure. In the same vein, the corporate spirit of the Organization is enhanced by a shared commitment on the part of Member States.

(b) Financial situation of UNIDO

24. Whereas it is reported that the regular budget financial position is reasonably stable and the operational budget is expected to balance in 1994, staff notes certain developments with concern.

25. The first issue is the low collection rate of assessed contributions. Timely payment is essential to assuring the Organization greater and more predictable financial stability under the regular budget and strengthening its cash base. However, until that is achieved, the ability of the Organization to carry out its programme of work in a full and effective manner remains impaired.

26. It would certainly contribute to organizational stability if the operational budget also displayed a similar degree of predictability. Staff thus fully supports the hope expressed in document IDB.13/28, paragraph 31, that Member States will provide additional voluntary contributions to the Organization for technical cooperation activities and, in particular, to the Industrial Development Fund, so as to guard against further erosion of operational budget resources and reduction of the Organization's capacity to support technical cooperation. As the document points out, provided operational budget resources are used to lend direct support to technical cooperation activities and can be adjusted in line with changes in the level and categories of services demanded, stabilization of the operational budget and the potential to respond to growth should be assured.

27. Staff would point out, however, that in allocating operational budget resources in line with the level and categories of services demanded, due account should be taken of those units building up potentially viable programmes and services where sustainable demand has yet to be established. Staff would also caution against focusing on large-scale projects, to the exclusion of small-scale projects which are often of particular importance in such areas as policy advisory services. Furthermore, small-scale projects are frequently the basis on which large-scale projects are built.

28. Another matter of concern is the high vacancy factor in the regular budget: 15 per cent for Professional-level and 8 per cent for General Service-level posts. Were a greater number of staff occupying operational budget posts to be transferred to regular budget posts in priority areas, this would have the dual benefit of: (a) reducing the drain on the operational budget, which is also suffering from a US dollar declining in value against the Austrian schilling; and (b) reducing the vacancy factor under the regular budget and ensuring effective utilization of financial resources allocated to specific items of expenditure. If initiated on a gradual basis, this transfer could help to overcome the problem of determining which costs should be borne by the regular and operational budgets as described in paragraphs 8 and 9 of document IDB.13/28.

29. Staff welcomes the endeavours to strengthen the field presence of UNIDO not only because it ensures closer contact between the Organization and its developing country clients, but also because it offers staff members an opportunity to broaden their experience, which they can put to good use on their reassignment to Headquarters. Staff can thus fully subscribe to the statement in paragraph 24 of document IDB.13/22 that there remains a compelling need to identify new solutions to strengthen UNIDO field representation.

(c) Medium-term plan, 1996-2001 (including general ceiling for the biennium 1996-1997)

30. Staff welcomes the endeavours to revise the medium-term plan so as to make it more concise, focused and action oriented. Clarity of purpose and expression is essential to any planning exercise. As implied in its proposed new title, the basic functions of the "medium-term programme framework" can be described as: (a) establishing strategic goals and objectives; and (b) drawing up a dynamic programme framework that outlines the scope of future activities and provides for adequate flexibility so as to be able to respond to changing circumstances. It is to be hoped that these basic functions are met, as planning over the medium term offers a unique opportunity to formulate future organizational policy and identify genuine priorities, on the basis of which effective programmes and budgets can be drawn up. Planning activities within the constraints of a zero growth budget requires not only the identification of accepted priorities but also the concentration of the Organization's reduced resources on activities in which UNIDO has a proven comparative advantage: the principle of critical mass.

Agenda item 8
Joint United Nations/UNIDO conference services

31. For years many of the staff in the Languages and Documentation Services have led dual lives as United Nations staff subject to UNIDO administrative procedures which has not infrequently led to fears of their getting the worst of both worlds. Given decision GC.5/Dec.19, which urged the Director-General to finalize with the United Nations as soon as possible the arrangements for the transfer of administrative responsibility for conference services from UNIDO to the United Nations Office at Vienna, staff urges that every care be taken to guard against their being disadvantaged in any way in terms of their acquired rights and contractual status.

Agenda item 9
Headquarters agreement between UNIDO and the Republic of Austria

32. Staff trusts that the headquarters agreement can be finalized soon, particularly in view of the implications that further delays bear, inter alia, for those staff members wishing to exercise an option in respect of certain Austrian insurance schemes. Release from such schemes should be provided for under the agreement once finalized.

33. Furthermore, although not within the purview of the present headquarters agreement staff like to see relaxation of local regulations governing access to the Austrian labour market for spouses and dependents of UNIDO staff members, and a similarly pragmatic solution to the problem facing UNIDO retirees from countries outside the European Economic Area wishing to remain in Austria. Development of favourable procedures in respect of both issues would be very much in keeping with the spirit of the headquarters agreement. It would also be commensurate with the extended privileges and immunities being offered by the Swiss Government to staff of the World Trade Organization and all the international organizations in Geneva.

Agenda item 10

(b) International Civil Service Commission

34. The relationship between staff and the International Civil Service Commission (ICSC) is characterized by staff disillusionment over the outcome of FICSA's resumed participation in the proceedings of ICSC during its thirty-ninth session at Bangkok, Thailand, in February/March 1994. The Commission fulfilled the primary condition for FICSA's return and agreed to the inclusion of the review of General Service salary survey methodology for Headquarters and non-Headquarters duty stations on the agenda of the fortieth session of ICSC. At that latter session, however, the Commission and its secretariat refused to discuss the substance of the subject. They also refused to review the various technical arguments brought forward on the revised General Service salary methodology by FICSA, the Co-ordinating Committee for Independent Staff Unions and Associations of the United Nations system (CCISUA) and the representatives of administrations of the United Nations system organizations in the Consultative Committee on Administrative Questions (CCAQ). They were equally reluctant to enter into discussions over the preparations for the Rome and New York General Service salary surveys as well as over the Noblemaire principle and post adjustment matters in respect of Professional salaries - despite the increasingly non-competitive salaries that the United Nations pays its Professionals.

35. At the Administrative Committee on Coordination (ACC) meeting in September, many of the executive heads or their representatives voiced their concern about the work of the Commission and echoed staff representatives' indictment of the Commission. A meeting of heads of delegations of FICSA Member Associations/Unions attending an informal meeting in Paris on 26 and 27 September declared their complete loss of confidence in the integrity of the Commission and roundly condemned the Commission's refusal to engage in meaningful consultation with staff representatives.

36. Staff's basic contention is that in its dealings with the Commission it has no meaningful voice in the final recommendations on the terms and conditions of service, even though Member States recognize that negotiations are the most efficient means of overcoming their differences between employers and employees. The principle and process of negotiation are not only central to the United Nations approach to resolving conflict, but they are also rights accorded by most Member States to their own nationals. FICSA is currently drawing up proposals for alternative mechanisms for the full and equal participation of staff in all negotiations concerning terms and conditions of service.

37. The concern that staff harbour over the revised methodology prepared by ICSC for surveys of best prevailing conditions of service at headquarters duty stations for the General Service and related categories is reflected in the decision of United Nations staff world-wide to appeal against administrative decisions based on the revised methodology which they deem to be unlawful. The first appeal of this kind, fully supported by FICSA and CCISUA, has been initiated by UNESCO staff in Paris. The outcome is still pending.

(c) United Nations Joint Staff Pension Fund

38. At its forty-sixth session in Vienna from 18 to 29 July 1994, the United Nations Joint Staff Pension Fund (UNJSPF) Board discussed and negotiated many issues, it being a rather unique entity in the United Nations system in that Member States' representatives and participants' representatives actually negotiate. Among the points of interest for staff was the conservative revenue of the Fund which staff suggested could be enhanced by using professional investment managers. The cumulative annualized total returns over the past 25 years had averaged 9.4 per cent and the Board requested the establishment of a basis for assessing the investment performance in relation to other international pension funds, such as the World Bank, or benchmark indicators. The Board agreed to recommend to the General Assembly that years of service between 35 and 40 should be creditable at an annual accumulation rate of 1 per cent, subject to a maximum accumulation of 70 per cent. It also decided to review interest rates applicable to lump-sum calculations and apply up-to-date mortality tables for those calculations. No solution was found to the problems faced by United Nations pensioners in the former Soviet Union: the matter will be referred to the General Assembly. It was, however, decided to recommend reducing to 110 per cent the 120 per cent provision under the two-track pension adjustment system. The Board also deferred the review of the special index for pensioners pending the review of pensionable remuneration of Professional staff in 1996. No agreement was reached on the current pension adjustment system despite the difficulties faced by pensioners in countries with high inflation rates. The Board did, however, agree to the extension of the modified pension adjustment system of 1 April 1992 to staff in the General Service and related categories. It also agreed to conduct a study on the effect of the determination of the final average remuneration on the basis of the highest thirty-six months of the entire period of contributory service for participation in soft-currency duty stations. Furthermore, it was agreed to recommend to the General Assembly admittance of the International Centre for Genetic

Engineering and Biotechnology (ICGEB) to the Fund. All the measures agreed upon would be implemented with effect from 1 July 1995.

Agenda item 13
Home leave entitlements of staff serving in the UNIDO Secretariat

39. Many foreign/civil services are seized with simplifying administrative procedures: travel arrangements are a case in point. In his report, the External Auditor focused on the issue of home leave arrangements and, among other things, pointed to the economies that had been achieved since the special arrangements for home leave were introduced in 1987 (ID8.13/7, para. 208). As the Director-General reported to the Programme and Budget Committee on the same issue in the context of rationalizing expenditures and reducing costs, while staff members "have demonstrated a cooperative and constructive attitude to cost-saving measures, they view any changes in present arrangements with some concern" (PBC.10/14, annex, para. 11). This concern remains because the changes being proposed in paragraph d (i) of the draft decision before the Board (ID8.13/25, annex, section II) would constitute a deterioration in the standard of travel for international civil servants and their families and might well jeopardize their safety, by having staff travel on cheap unscheduled carriers. Moreover, as can be demonstrated, the current home leave entitlements in UNIDO do not compare favourably with other organizations in the United Nations system where the basis is the full economy fare. Furthermore, it seems discriminatory to have different arrangements in different organizations in one and the same duty station. Unilateral curtailment of entitlements, which are the outcome of extensive negotiations between management and staff and considered an acquired right, would not only severely affect staff morale and make UNIDO one of the least attractive employers in the United Nations system, it would also have an adverse effect on staff/management relations and could ultimately lead to appeals being lodged with the Administrative Tribunal of the International Labour Organisation. The whole matter should be addressed within the context of the staff/management consultative process provided for under the staff regulations.

40. Staff recognizes the need for economies, but remains convinced that other areas offer scope for greater savings with lesser impact on staff benefits and acquired rights. The solution lies not in introducing still more changes that are costly to administer as the mandatory application of discounted fares would involve complex and cumbersome comparisons of prices and routings. The solution lies in simplifying procedures and using as a base rate a level of fares that is valid and available for virtually all destinations: full economy fares. This would permit the equitable treatment of all staff, provide essential flexibility and simplify administration of the scheme, thus ensuring cost savings.

Conclusion

41. As UNIDO develops, the premium on knowledge and education becomes ever greater. It is almost a truism to state that the success of an organization is built on the skill and talent of its staff, but it is none the less a valid statement. It is the amount of value that staff can add to the Organization's output that is the key to UNIDO's asserting itself in an increasingly competitive world. The Organization has a unique chance to capture the high ground of opportunity by adopting and applying policies and principles that help individual countries and thereby, on a different plane, help individual staff members to advance and prosper.

42. The comments in the present document are submitted in that spirit. The Board may wish to take note of the issues raised in this paper and reflect some of the proposals in its decisions.